

RE: Blockades - GDP impacts

From: "Turcotte, Julie" <julie.turcotte@fin.gc.ca>
To: "Capeluck, Evan" <evan.capeluck@fin.gc.ca>, "Torgunrud, Brian" <brian.torgunrud@fin.gc.ca>, "Lee, Frank" <frank.lee@fin.gc.ca>, "Bilodeau-Fortin, Geoffroy" <geoffroy.bilodeau-fortin@fin.gc.ca>
Date: Fri, 11 Feb 2022 22:17:33 +0000

Lets cross fingers that this gets resolved over the weekend, so we can move on...

From: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>
Sent: Friday, February 11, 2022 5:14 PM
To: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>; Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>
Subject: RE: Blockades - GDP impacts

Yes, that seems to be the reason. Not 100% sure since I wasn't around at the time. ☺

- Rail blockades: [Economic Implications of Disruptions on Rail Service.docx \(fin.gc.ca\)](#)
 - o *Peak impact:* \$30-70M per day
 - o *Duration:* 3 weeks
 - o *Drag on SAAR growth (20Q1):* 0.2-0.5 p.p.
- Windsor blockade:
 - o *Peak impact:* \$45-161M per day
 - o *Duration:* 1 week (for now)
 - o *Drag on SAAR growth (22Q1):* 0.1-0.4 p.p.

From: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>
Sent: Friday, February 11, 2022 4:52 PM
To: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>; Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>
Subject: RE: Blockades - GDP impacts

Thanks, very useful. Yes, not an easy question – providing the effective impact vs the potential impact if these were to persist/escalate. But I agree that, for the effective impact, Sc1 most likely. GDP impacts are smaller than what we had for the rail blockades, is it just because of the much shorter length of disruptions, right?

From: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>
Sent: Friday, February 11, 2022 3:29 PM
To: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>; Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>
Subject: Blockades - GDP impacts

Hi Julie,

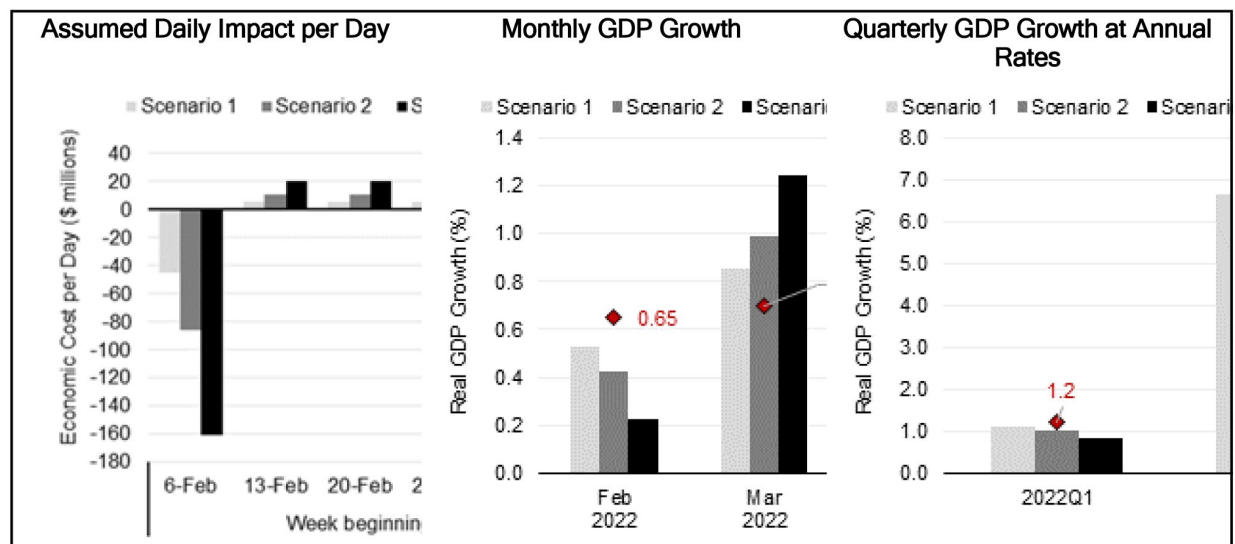
Please find below preliminary GDP impacts consistent with Transport Canada' scenarios (which range from \$45-161M per day in week 1). I assume that the blockades last for one week and that half of the losses are recouped over the following month (i.e., catch-up production). The numbers only

account for the Ambassador Bridge blockade (most important by far) so would probably be a bit higher if we accounted for Coutts. Things seems to be moving reasonably well [elsewhere](#). Right now, it seems like cross-border flows might get back to normal next week (maybe I'm too optimistic), but we could easily scale-up the impacts if a 2+ week blockade looks more likely.

As an aside, I personally don't think Scenario 2 or 3 are likely. Scenario 1 seems quite plausible but my best guess would probably be a bit smaller based on the current situation (of course things could change).

Thanks,
Evan

Real GDP Impacts (shock minus control)						
	Level (%)			Growth (SAAR, p.p.)		
	2022Q1	2022Q2	2022	2022Q1	2022Q2	2022
Scenario 1	-0.03	0.00	-0.01	-0.11	0.12	-0.01
Scenario 2	-0.05	0.00	-0.01	-0.21	0.22	-0.01
Scenario 3	-0.10	0.00	-0.02	-0.39	0.41	-0.02



From: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>

Sent: Friday, February 11, 2022 12:02 PM

To: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>; Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>

Subject: RE: Economic Impacts of Blockades at Border Crossings

Thanks Evan,

Yes, I agree. Seems large which would imply limited diversion to other crossings, and high sensitivity to any delays in trade activity.

Hard to say without any evidence but I agree with you that previous experiences suggest businesses are creative at finding solutions.

In a nutshell, I heard from ITF that "it appears GM is seeking to rent an ice-breaker and transport vehicles and parts via the Great Lakes, and has worked with CBSA to ensure clearance." Wow. ITF

said they should be able to provide timely data from CBSA on border crossings – I will flip once I get it.

I will follow with Christian with these very good questions, nothing to add on my part.

Are you guys going to pull some scenarios/GDP impacts figure, a bit like done for the [Blockades](#)?
Given my comment below, would be best if you have something quick and dirty by cob today.

Just flagging that this may pop out over the weekend (frankly, I don't see how the *effective* economic impacts estimates matter much, it's a no brainer that something must be done) but you know how people above are. Will do my best to insulate us, but if there is anything, would you guys be around?

Thanks,

Julie

From: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>
Sent: Friday, February 11, 2022 11:00 AM
To: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>
Cc: Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>
Subject: FW: Economic Impacts of Blockades at Border Crossings

Morning!

The numbers seem pretty big to me, especially scenarios 2-3. They would translate into pretty sizeable GDP impacts (working on it now). Further, based on what they provided for the B.C. floods, I'm assuming they would crank up the impacts for week two (1.5x to 2x). On a positive note, there is some encouraging news on the Ambassador Bridge blockade: [Protesters allow lane of traffic to open at Ambassador Bridge blockade | CBC News](#).

A few clarification questions for Christian:

- What do you assume in terms of % of impacted shipments that are able to divert to other crossings (e.g., Sarnia/Niagara land crossings; rail; air)?
- The estimates only capture the Ambassador Bridge blockage. Would it be reasonable to scale up the estimates based on total trade flows impacted at all border crossings (i.e., Ambassador + Coutts + Emerson)?
- What is the time horizon for the first-week impacts? Do they represent a full-week closure or a part-week closure (i.e. Feb 7 to 12)? Are they in nominal or real dollars?
- What should we expect for week two if the blockade continues? By roughly how much could we expect impacts to increase?

Anything to add?

From: Dea, Christian <christian.dea@tc.gc.ca>
Sent: Thursday, February 10, 2022 6:05 PM
To: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>
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Evan <Evan.Capeluck@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>; Hristeva, Polina <polina.hristeva@tc.gc.ca>; Grenier, Mathieu <mathieu.grenier@tc.gc.ca>; Leore, Bob <bob.leore@tc.gc.ca>; Lapointe, Mario <mario.lapointe@tc.gc.ca>

Subject: RE: Economic Impacts of Blockades at Border Crossings

PROTECTED A / PROTÉGÉ A

Bonjour Julie,

Merci de partager votre analyse preliminaire.

On termine de notre cote notre analyse de l'impact economique. On a estime 3 "trade shocks" (voir note preliminaire ci-jointe).

Key highlights are:

- **Trade shock 1** assumes that most industries, except for those in the automotive sector, are able to mitigate the impact of a closure to a considerable degree by relying on stored inputs over the coming days (\$45M per day of net economic lost).
- **Trade shock 2** assumes that the bridge closure forces the shutdown of a wider array of manufacturing industries due to the lack on input and inability to export (\$86M per day of net economic lost).
- **Trade shock 3** assumes that lost imports and exports lead to widespread shutdowns and production outages across the Canadian economy (about \$160M per day of net economic lost) .

Results suggest that the closure of the bridge will result in net losses to Canadian GDP ranging from \$45 to \$160 million per day.

We will continue to refine our estimates on three key elements : i) scope and the depth of sectors affected, ii) potential mitigation factors such as alternative modes/routes for delivery (preliminary analysis reveals very limited capacity) and iii) duration of the shock on the supply chain.

Je vais te faire parvenir quelques maps et un sommaire de notre analyse demain.

Bonne soiree !

Christian

Christian Dea (il, he, him)

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From: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>

Sent: Thursday, February 10, 2022 5:28 PM

To: Dea, Christian <christian.dea@tc.gc.ca>

Cc: Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Capeluck, Evan <Evan.Capeluck@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>

Subject: Economic Impacts of Blockades at Border Crossings

Bonjour Christian,

Merci encore pour le backgrounder hier, très apprécié.

Voici notre note très préliminaire qui a été partagé avec le Sous-Ministre.

Comme tu peux voir ceci reste assez high-level à ce stade, et l'emphase a été mise sur les impacts potentiels « élevés » dans le cas de perturbations persistantes et des difficultés possibles de diversion du commerce. On regarde pour quantifier ceci évidemment. Laisse-moi savoir si c'est cohérent avec votre propre analyse, et si vous avez des intels plus précis. Notamment, quel est le potentiel de diversion possible vers d'autres modes de transports ou autres passages à la frontière?

Également, est-ce que vous auriez une liste des infrastructures de transport clés (en terme d'impacts économiques), et qui pourraient être à risque de perturbations?

Merci,

Julie

Julie Turcotte

Director General | Directrice générale

Economic Analysis and Forecasting Division | Division de l'Analyse et Prévisions Économiques

Economic Policy Branch | Direction de la Politique économique

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